

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 TRSE-00 L-03 COME-00 CIEP-01

AGR-05 CEA-01 CIAE-00 DODE-00 FRB-03 H-02 INR-07

INT-05 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15

STR-04 TAR-01 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 3871

C O N F I D E N T I A L BUENOS AIRES 8287

E.O. 11652: GDS

TAGS: EINV, AR

SUBJECT: ARGENTINE NATIONALIZATION AND GSP ELIGIBILITY

REF: STATE 292771

1. STANDARD ELECTRIC CASE DISCUSSED IN SEPTTEL.

2. CHASE

ENABLING LEGISLATION FOR PROPOSED INVESTMENT BANK HAS NOT, RPT NOT, BEEN SENT TO CONGRESS. LOCAL CHASE REP NOW INFORMED BY GUIDO DITELLA IT PROBABLY WILL NOT BE IN NEAR FUTURE. (WE NOT SURE YET WHY DITELLA NOW DELAYING BUT GOA MAY BE RELUCTANT SUBMIT NEW LEGISLATION TO EXTRAORDINARY SESSION OF CONGRESS IN VIEW NEW POLITICAL SITUATION THERE.) DISCUSSIONS BETWEEN DITELLA AND LOCAL CHASE REP REGARDING COMPENSATION APPEAR TO BE CONTINUING.

3. MORGAN/FNCB

BELIEVE IT LIKELY ARGENTINIZATION WILL BE ACCOMPLISHED WITHIN
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180 DAY PERIOD. WE HAVE HEARD NO COMPLAINTS FROM FNCB OR MORGAN

REGARDING COMPENSATION LEVELS AND HAVE NO REASON BELIEVE
FAIR VALUE WOULD NOT BE PAID IF DIRECT ARGENTINIZATION NOT
POSSIBLE.

4. EXXON/AMOCO/CITIES SERVICE

EXXON REPS MET WITH GUIDO DITELLA MONDAY, DECEMBER 15.
AT MEETING, EXXON REPORTEDLY SOUGHT OFFICIAL CONFIRMATION
OF "STATUS QUO" I.E. MAINTENANCE OF TRANSPORT AND REFINING
UNDER EXXON'S COMPLETE CONTROL AND REASONABLE ACCESS TO
NON-RETAIL MARKETING. OF GOA NOT AGREEABLE TO CONTINUED
EXXON PARTICIPATION IN NON-RETAIL MARKETING EXXON REPORTEDLY
PROPOSED TO DITELLA (1) OUTRIGHT SALE OF EXXON'S TOTAL
OPERATIONS HERE OR (2) OUTRIGHT SALE OF ALL MARKETING
ASSETS WITH LEASE OF REFINERY TO YPF ON INTERIM BASIS.
EVENTUALLY REFINERY WOULD ALSO BE SOLD TO YPF. DITELLA
PROMISED TO FOLLOW UP. HE ASKED EXXON TO CONTINUE DIS-
CUSSIONS WITH EMERGENCY SECRETARY SETTI WEEK OF DECEMBER 23
(SETTI HAS BEEN AT PARIS MEETING).

5. AS DEPARTMENT AWARE, AMOCO/CITIES SERVICE CONTRACTS
HAVE LONG AND SENSITIVE POLITICAL BACKGROUND IN ARGENTINA.
WITH RESPECT TO AMOCO, CONTINUING HASSLE IS OVER AMOUNT
AND METHOD OF PRODUCTION PAYMENTS AND NO QUESTION OF
EXPROPRIATION OR NATIONALIZATION INVOLVED. SO FAR AS WE
ARE AWARE, CITIES SERVICE SATISFIED WITH CONTRACT AND NOT VERY
CONCERNED OVER NATIONALIZATION OF ITS LIMITED RETAIL
OPERATIONS WHICH UNPROFITABLE ANYWAY.
RECENTLY MINISTER CAFIERO SAID HE PLANNED SEND NEW
HYDROCARBONS BILL TO CONGRESS SOON. IT WOULD LIKELY
AFFECT THE CONTRACTS OF BOTH FIRMS. WE ARE SEEKING COPY
OF BILL AND BETTER FEEL FOR GOA STRATEGY.

6. EMBASSY HAS BEEN AND CONTINUES AT EVERY SUITABLE
OPPORTUNITY TO EMPHASIZE TO GOA OFFICIALS NEED FOR
ACTION ON THESE CASES AND IMPORTANCE TO GOA OF GSP
ELIGIBILITY.
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